

# The Definitive Guide To Talent Mobility

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A systematic talent mobility strategy enables organizations to more effectively acquire, align, develop, engage, and retain high performing and potential talent by implementing a consistent, repeatable, and global process for talent rotation. This report explores the importance of a talent mobility strategy, considerations for approaching and deploying the strategy and supporting technology, and the significant business benefits that it affords.

# Introduction

Industry analyst firm Bersin & Associates defines talent mobility as “a dynamic internal process for moving talent from role to role – at the leadership, professional and operational levels.” The company further states that “the ability to move talent to where it is needed and by when it is needed will be essential for building an adaptable and enduring organization.”<sup>1</sup>

SumTotal’s experience with global enterprises also reveals that talent mobility is:

- A business strategy that facilitates organizational agility and flexibility
- A mechanism for acquiring and retaining high performing and potential talent
- A recruiting philosophy that favors internal sourcing over costly external hiring
- A method for aligning organizational and individual needs through development
- A proactive and ongoing approach to succession planning rather than a reactive approach

A systematic talent mobility strategy enables organizations to more effectively acquire, align, develop, engage, and retain high performing and potential talent by implementing a consistent, repeatable, and global process for talent rotation. This report explores the importance of a talent mobility strategy, considerations for approaching and deploying the strategy and supporting technology, and the significant business benefits that it affords.

## CURRENT CHALLENGES & BARRIERS

According to SumTotal's 2010 State of Global Talent Management survey of 300 human resources (HR) practitioners, many organizations currently face similar challenges, including:

- Retaining high performers and reducing flight
- Aligning current and future talent needs to rapidly changing business needs
- Developing deep talent succession pools and bench strength
- Reducing external recruiting costs
- Improving overall HR measurement and reporting

Organizations grapple with these challenges due to process- and technology-oriented barriers. From a process perspective, only 35% of organizations currently conduct annual succession talent reviews for most of their critical positions. While the trend for many companies is to extend succession planning deeper into the organization, many lack the executive direction and supporting enterprise software to effectively automate and manage the process. Instead, succession planning is often a slow, manual, reactive, and paper-intensive discipline in most organizations.

From a technology standpoint, most organizations have no single, complete view of global talent yet due to a spaghetti mix of existing HR processes, systems, and data (i.e., there is no definitive talent-based system of record). Only 12% of organizations have fully integrated their various talent functions – performance, succession, development, learning, recruiting, compensation, etc. – from both a process and technology perspective. Integration is an important key to enabling a systematic talent mobility strategy and will be discussed in detail throughout this report.

## GETTING STARTED: KNOCKING DOWN THE BARRIERS

Aligning HR strategies and programs to business results is essential in any economic environment. To this end, SumTotal correlated several factors – strategy, leadership, and integration – to HR and business operating metrics in order to determine their impact. As outlined below, the results are significant.

- **Develop Clear Talent Management Strategy:** Organizations with an advanced talent management strategy that is well aligned to overall business objectives and strategy outperform those organizations that have no talent management strategy by 32%.<sup>2</sup> Yet more than 80% of organizations have still not yet aligned their HR programs and activities to business results, which suggests that there is significant room for improvement.
- **Assign Dedicated Leadership to Ensure Program Success:** Organizations that have assigned a dedicated senior executive – one who is responsible for overall vision and execution of talent management strategy and programs – outperform those organizations that have not by 11%. Fully 60% of organizations have already assigned a dedicated senior executive.
- **Integrate Talent Processes, Systems, and Data:** Organizations that have fully integrated their disparate talent processes, systems, and data outperform those organizations that have not integrated by 41%. Most organizations (69%) have achieved only partial integration to date.

When effective strategy, leadership, and integration are all pulled together within an organization, a dichotomy between talent management leaders and laggards becomes clear. Talent management leaders have a talent strategy in place, a dedicated executive responsible for strategy and programs, and integrated talent processes, systems, and data. Laggards, on the other hand, do not.

Overall, talent management leaders outperform laggards by 37% across twelve key business and HR operating metrics. Leaders significantly outperform laggards in several areas, including:

- Better internal talent mobility
- Decreased voluntary turnover
- Improved workforce alignment to overall strategy
- Workforce responds more quickly to changing business needs
- Improved workforce productivity

Bottom line: Institutionalizing talent management strategy, leadership and accountability, and integration has a profound effect on improving internal talent mobility (i.e., finding new opportunities for high performers and potentials within the organization) and reducing voluntary turnover (i.e., high performer and potential flight).

Even more revealing, when talent management technology usage and the overall business impact of technology are correlated, several potential areas of focus emerge to both increase internal talent mobility and decrease voluntary turnover. Figure 1 highlights some of these areas.

**Figure 1: Talent Management Technology Usage & the Business Impact**

Talent Management Technology / Integrations Currently In Use	Better Internal Talent Mobility	Decreased Voluntary Turnover	Total Impact (Rank)
Integrated Employee Development & Learning Management: Development plans executed via training	High Impact	High Impact	1
Integrated Performance Management and Succession Planning: Top performers designated as successors	High Impact	High Impact	2
Leadership Development (Standalone)	High Impact	High Impact	3
Employee Career and Development Planning (Standalone)	High Impact	Moderate Impact	4
Integrated Performance Management & Compensation: Pay-for-Performance	Low Impact	High Impact	5

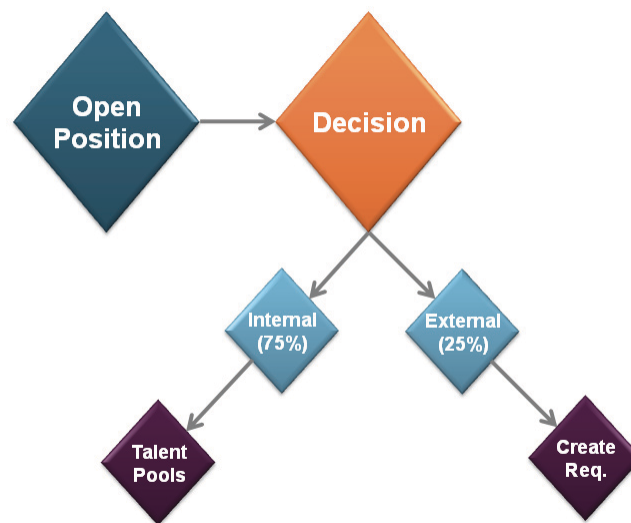
The survey results clearly reveal the impact of leveraging talent management technology to standardize processes and facilitate integration among them. In the short term, consider leveraging the “high impact” technologies and integrations to improve talent mobility and reduce voluntary turnover. In the long term, a more holistic “ecosystem” approach to talent management is required. This will be discussed in more detail below.

## TALENT MOBILITY AND SOURCING

Bersin & Associates observes: “Talent mobility can only be achieved through a well-integrated talent management strategy. In addition to succession management, how a company recruits talent, manages its employees’ careers, and develops the right capabilities to fulfill business needs is essential for enabling a mobile, high-performing workforce.”<sup>3</sup>

Sourcing and recruiting is central to talent mobility. In many organizations, external sourcing is the de facto standard because the tools and business intelligence to effectively analyze, group, and rotate talent internally do not exist. Open positions typically lead to a requisition being opened followed by an external recruiting effort. Figure 2 highlights a better way.

**Figure 2: The Future of Talent Sourcing Is (Mostly) Internal**



Rather than defaulting to a requisition when a position needs to be filled, a decision point will prompt whether a search is conducted internally leveraging intelligence about existing talent pools, externally, or both. The decision must be based on accurate and accessible talent data, including: A few key questions to consider to create seamless on-boarding plans for employees are:

- Talent pools and bench strength depth
- Positions and people at risk
- Existing development and career plans

- Calibrated employee performance ratings and potential assessments (e.g., 9-box)
- Position demand (market-factors)

Research reveals that the goal for a typical global organization is to get to 65-75% internal sourcing, since it is significantly quicker and cheaper than sourcing externally. Additionally, the costs of a wrong hire – which often amounts to 3-5x the person's salary – can be minimized.

Naturally, external hiring will not disappear, nor should it. But the hiring process must link seamlessly to other HR processes including succession planning, performance management, and learning. One salient example of this linkage is the ability to assign external candidates to internal succession talent pools, a capability many organizations require when there is a weak bench for a particular role or position.

#### GAME PLANNING APPROACH TO TALENT MOBILITY

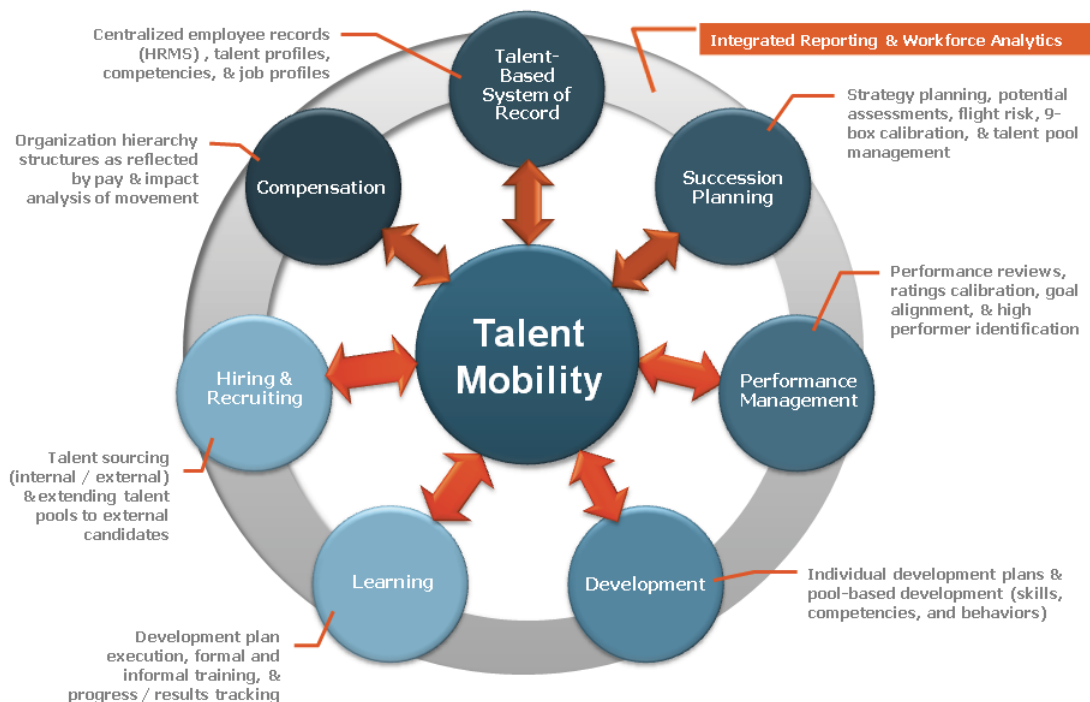
The goal of game planning is to align people (high performers and potentials) who are at risk of flight to positions at risk. There are certain indicators that flag risk, and this opens the door to more thorough analysis and discussions. For example, flight risk generally increases for high performers after 15-18 months in the same position when there is little hope of movement (either laterally to round out skills or upwards from an advancement perspective).

Game planning is designed to answer several key questions, including:

- What do we have from a current talent “inventory” perspective?
- Which high performers/potentials are a flight risk and why?
- Which critical positions are at risk or will be at risk in the near future (weak bench)?
- What positions will become open in 6-9 months and how do we plan to fill them?
- How can I provide more meaningful work and/or career paths to ensure my high performers/potentials are engaged and getting what they need to be successful?
- Can we take at risk employees and put them in open positions today (or develop them to be ready in the future)?

To answer these questions, and facilitate the internal vs. external sourcing decision, a new framework is required. Called the Talent Mobility Ecosystem, this single platform recognizes the core processes and data that must natively come together to support a systematic talent mobility strategy. Figure 3 highlights the major components of the ecosystem.

**Figure 3: The Talent Mobility Ecosystem**



The Talent Mobility Ecosystem is predicated on a single, complete talent-based system of record which includes all of the required processes and capabilities to enable mobility. It also recognizes the inherent benefits of a natively integrated reporting and analytic environment that spans the various process and functional domains to enable quicker and more accurate business decisions.

## PROCURING THE TALENT MOBILITY ECOSYSTEM

When asked which approach best describes the current and future planned state of their HR and talent management systems, Figure 4 highlights respondents' answers.



**Figure 4: Talent Management Technology Approach**

Talent management Technology Approach	Today	Planned by 2011	Growth(e)
Single “best-of-breed” platform	9%	24%	182%
Primarily use ERP/HRMS platform	17%	29%	70%
Use multiple systems (mostly integrated)	21%	29%	37%
Use multiple systems (little/no integration)	30%	11%	-63%
Primarily paper- & spreadsheet-based	23%	6%	-72%

Note: Calculated columns such as Growth are derived from unrounded percentages but rounded percentages are provided here for ease of readability

Despite being the least penetrated within organizations today, the single “best-of-breed” platform approach is poised for the highest growth (182%). It is not difficult to understand why: A single, complete platform that natively integrates the various talent applications, processes, and data to support a talent mobility strategy virtually eliminates the need for manual and costly systems integration.

In other words, a single talent platform is a prerequisite to enabling talent mobility both quickly and cost effectively. It helps knock down the barriers presented earlier in this report. And, it facilitates HR reporting and analysis – a top HR priority for 2010 according to survey respondents – since all of the talent data required for business intelligence is located in one place.

Relative to the other approaches, organizations currently using a single “best-of-breed” platform for talent management report significant advantages in these areas:

- Better internal talent mobility
- Improved workforce alignment to overall strategy
- Workforce responds more quickly to changing business needs
- Reduced administration overhead and costs

Furthermore, when technology delivery approach is correlated to perceptions about the overall business impact of technology, the single “best-of-breed” approach is nearly 3x as likely to be rated “excellent” in terms of business value relative to legacy ERP/HRMS systems, and more than 2x relative to multiple systems that are mostly integrated.

## TALENT MOBILITY IN ACTION: CASE STUDY

ALFA is a SumTotal customer that is based in Mexico and employs more than 50,000 people. The company is highly diversified and global in scope, and consists of four distinct business units: petrochemicals, aluminum auto components, refrigerated food, and telecommunications.

A key challenge facing ALFA was promoting cross-business unit transfers, thereby minimizing employee attrition to the competition. ALFA was losing at-risk high-performing talent because it was unable to find growth and leadership opportunities for these employees within the organization. Due to the proliferation of different HR systems at each of its four business units, ALFA suffered from inconsistency in managing its global talent processes as well as a lack of visibility into key employee information that could be used to drive a cohesive talent mobility strategy.

To address its challenges, ALFA standardized on SumTotal's talent management platform across its diverse business units (see Figure 5). This platform became the centerpiece of ALFA's employee lifecycle, which consists of planning, hiring, compensation, performance management, learning, development, succession planning, reporting and analysis, and HR management. ALFA also leveraged SumTotal's global experience in developing and implementing standard HR policies and best practices. As a result of the deployment, it is now far more common for ALFA's employees to rotate from one business unit within the company to another, expanding their experience, competencies, and skills via promotion and advancement.

**Figure 5: SumTotal Talent Management Platform**



# Conclusion

Talent mobility has become a mainstream talent management strategy because of its ability to help organizations more effectively acquire, align, develop, engage, and retain their high performing and potential talent. While challenges and barriers exist within many organizations, they are not insurmountable. Organizing properly for success, approaching talent sourcing in new and innovative ways, game planning (asking the right questions), and deploying a single, complete enterprise software platform to enable mobility are all efforts that can be readily tackled by innovative HR leaders.

## ENDNOTES

<sup>1,3</sup> Lamoureux, Kim. ["Talent Mobility: A New Standard of Endurance."](#) Bersin & Associates, November 30, 2009.

<sup>2</sup> Based on the aggregation of twelve key HR and business operating metrics.

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## ABOUT SUMTOTAL

SumTotal Systems, Inc. is the global leader in complete talent management software that enables organizations to more effectively drive business strategy. Recognized by industry analysts as the most comprehensive talent management solution, SumTotal provides full employee lifecycle management, including a core system of record, from a single provider for improved business intelligence. The company offers customers of all sizes and in all industries the most flexibility and choice with multiple purchase, configuration, and deployment options. With more than 1,800 customers and 25 million users worldwide, we have increased the performance of the world's largest organizations.

For more information, or to request a demonstration, please call +1-866-766-6825 (US / Canada), +1 352 264 2800 (international) or visit our website: **[www.sumtotalsystems.com](http://www.sumtotalsystems.com)**

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